

Message Text

SECRET

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ACTION SS-25

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S E C R E T CAIRO 17748

EXDIS

FOR THE SECRETARY FROM AMBASSADOR

E.O. 11652: NA
TAGS: EAID, US, IS
SUBJ: USG ECONOMIC ASSISTANCE TO ISRAEL

1. AS REPORTED ELSEWHERE, FAHMY SUMMONED ME ON CHRISTMAS DAY. ONE OF THE SUBJECTS HE WISHED TO DISCUSS WAS FY 78 ECONOMIC ASSISTANCE FOR ISRAEL. HE ALLUDED TO A STATEMENT ALLEGEDLY MADE BY YOU THAT YOU WERE ASKING PRESIDENT FORD TO GIVE ISRAEL THE FULL AMOUNT OF ECONOMIC AID IT IS REQUESTING. YOUR STATMENT, FAHMY CONTENDED, WILL UNDOUBTEDLY HAVE AN ADVERSE EFFECT IN THE ARAB WORLD. WHAT CAN USG EXPECT TO GAIN BY PROVIDING ESRAEL WITH MORE ECONOMIC AID. AS HE UNDERSTOOD IT, ALL KNOWLEDGEABLE USG AGENCIES AGREE IT IS NOT NEEDED, ISRAEL WILL NOT BE ANY MORE RESPONSIVE. WE HAVE NOT EVEN BEEN ABLE TO SOLVE THE AMOCO AFFAIR, FAHMY SCOFFED, WHERE AN AMERICAN INTEREST IS INVOLVED.

2. USG COMPLAINS ABOUT OPEC ACTIONS ON OIL PRICES. AMERICAN COMPANIES HAVE INVESTED IN EGYPT AND A PART OF THE OIL PRODUCED IN EGYPT WOULD GO TO THE US. YET, DESPITE ISRAELI ADAMANCE ON THE GULF OF
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SUEZ OIL ISSUE, USG CONTINUES TO GIVE ISRAEL EVERYTHING IT WANTS. INCREASED ECONOMIC AND MILITARY ASSISTANCE ARE THE LATEST CASES IN POINT. HE PROFESSED NOT TO BE ABLE TO UNDERSTAND YOUR PURPOSES AND ASKED THAT I REPORT HIS CONCERN TO YOU.

3. I TOLD FAHMY THAT I HAD NO INFORMATION ABOUT
INTERNAL USG DISCUSSIONS ON ECONOMIC AID FOR
ISRAEL. HE COULD BE SURE, HOWEVER, THAT ANY ASSISTANCE
THAT WE MIGHT PROVIDE TO ISRAEL IS CONSISTENT WITH
OUR DESIRE TO RESUME THE MIDDLE EAST PEACE PROCESS.
IF THERE IS ANYTHING YOU WISH CONVEYED TO FAHMY ON
THIS MATTER, PLEASE INSTRUCT.

4. COMMENT: I NOTE THE ISRAELI PRESS HAS REPORTED THAT US
AID FOR EGYPT IN FY 78 WILL BE \$625 MILLION. WE
HAVE HAD THIS FIGURE FROM AID WITH INSTRUCTIONS NOT
TO INFORM THE GOE AT THIS TIME, BUT WITH THE
ISRAELI PRESS REPORTS WE MAY EXPECT GOE TO LEARN OF
THE FIGURE VERY SOON.
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